

AL-SALĀM REIT
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the First Quarter Ended 31 March 2024

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year to-date	Preceding Year Corresponding Period to-date
		31-03-2024	31-03-2023	31-03-2024	31-03-2023
		RM	RM	RM	RM
Gross rental income		17,147,662	17,102,346	17,147,662	17,102,346
Other income		2,752,137	1,792,266	2,752,137	1,792,266
Total revenue	B1	19,899,799	18,894,612	19,899,799	18,894,612
Utilities expenses		(2,312,345)	(1,943,866)	(2,312,345)	(1,943,866)
Maintenance expenses		(900,492)	(877,027)	(900,492)	(877,027)
Quit rent and assessment		(409,378)	(501,611)	(409,378)	(501,611)
Other property expenses		(2,463,037)	(2,838,538)	(2,463,037)	(2,838,538)
Property manager fee		(118,500)	(119,100)	(118,500)	(119,100)
Total property expenses		(6,203,752)	(6,280,142)	(6,203,752)	(6,280,142)
Net property income		13,696,047	12,614,470	13,696,047	12,614,470
Investment income		224,979	184,311	224,979	184,311
Gain on fair value adjustment of investment properties		-	-	-	-
Net investment income		13,921,026	12,798,781	13,921,026	12,798,781
Manager's management fees		(653,144)	(649,988)	(653,144)	(649,988)
Trustee's fees		(32,449)	(32,379)	(32,449)	(32,379)
Shariah advisors' fee		(2,000)	(2,000)	(2,000)	(2,000)
Islamic financing costs		(10,133,795)	(8,364,240)	(10,133,795)	(8,364,240)
Other trust expenses ¹		(365,784)	(305,472)	(365,784)	(305,472)
Net income before tax		2,733,854	3,444,702	2,733,854	3,444,702
Taxation		-	-	-	-
Net income after tax		2,733,854	3,444,702	2,733,854	3,444,702
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the year		2,733,854	3,444,702	2,733,854	3,444,702
Net income after tax is made up as follow:					
Realised		1,928,656	2,648,352	1,928,656	2,648,352
Unrealised		805,198	796,350	805,198	796,350
		2,733,854	3,444,702	2,733,854	3,444,702
Earnings per unit (sen)		0.47	0.59	0.47	0.59

¹The waiver of lease receivables or rental rebates given to tenants are accounted for in accordance with MFRS 9 and presented as an expense in the Statements of Comprehensive Income (SOCl).

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2023 and the accompanying explanatory notes attached to the financial statements.

AL-SALĀM REIT
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 March 2024

	Note	Unaudited As at End Of Current Quarter 31-03-2024	Audited As at preceding year ended 31-12-2023
		RM	RM
ASSETS			
Non-current assets			
Investment properties	A9	1,239,013,706	1,239,013,706
Property, plant & equipment		950,240	868,564
Other receivables		928,267	928,267
Current Assets			
Trade receivables	B11	28,705,043	28,187,778
Other receivables & prepayments		8,998,945	6,685,143
Cash and bank balances		7,436,989	5,772,380
Fixed deposits with licensed banks		29,609,000	33,065,000
Amount due from related companies		207,185	1,540,171
		<u>74,957,162</u>	<u>75,250,472</u>
TOTAL ASSETS		<u>1,315,849,375</u>	<u>1,316,061,009</u>
LIABILITIES			
Non-current liabilities			
Islamic financing	B12	640,167,810	521,681,074
Other payables and accruals		13,458,588	5,602,842
Deferred tax liability		1,995,394	1,995,394
		<u>655,621,792</u>	<u>529,279,310</u>
Current Liabilities			
Islamic financing	B12	-	117,934,325
Other payables and accruals		11,665,822	19,729,498
Provision for income distribution		-	16,166
Amount due to related companies		-	2,693,853
		<u>11,665,822</u>	<u>140,373,842</u>
TOTAL LIABILITIES		<u>667,287,614</u>	<u>669,653,152</u>
NET ASSETS VALUE		<u>648,561,761</u>	<u>646,407,857</u>
REPRESENTED BY:			
Unitholders' capital		572,545,319	572,545,319
Undistributed income		<u>76,016,442</u>	<u>73,862,538</u>
TOTAL UNITHOLDERS' FUND		<u>648,561,761</u>	<u>646,407,857</u>
NUMBER OF UNITS IN CIRCULATION		<u>580,000,000</u>	<u>580,000,000</u>
NET ASSETS VALUE (NAV) PER UNIT (RM)			
- Before income distribution		1.1182	1.1145
- After income distribution*		1.1152	1.1135

*After reflecting the proposed first interim income distribution for financial year ending 31 December 2024 of 0.30 sen per unit (2023: final income distribution for financial year ended 31 December 2023 of 0.10 sen per unit).

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2023 and the accompanying explanatory notes attached to the financial statements.

AL-SALĀM REIT
CONDENSED CONSOLIDATED STATEMENT OF CHANGES
IN NET ASSETS VALUE
For the First Quarter Ended 31 March 2024

	Unitholders' Capital RM	Undistributed income Realised RM	Unrealised RM	Total RM
As at 1 January 2023	572,545,319	17,484,896	49,755,355	639,785,570
Total comprehensive income for the year	-	2,648,352	796,350	3,444,702
Unitholders' transactions				
Issuance of new units	-	-	-	-
Distribution to unitholders	-	(8,779,756)	-	(8,779,756)
<i>Decrease in net assets resulting from unitholders' transactions</i>	-	(8,779,756)	-	(8,779,756)
As at 31 March 2023	572,545,319	11,353,492	50,551,705	634,450,516
As at 1 January 2024	572,545,319	9,976,547	63,885,991	646,407,857
Total comprehensive income for the year	-	1,928,656	805,198	2,733,854
Unitholders' transactions				
Issuance of new units	-	-	-	-
Distribution to unitholders#	-	(579,950)	-	(579,950)
<i>Decrease in net assets resulting from unitholders' transactions</i>	-	(579,950)	-	(579,950)
As at 31 March 2024	572,545,319	11,325,253	64,691,189	648,561,761

Include :

- i) Payment of final income distribution of 0.10 sen per unit for the financial year ended 31 December 2023 (taxable in the hands of unitholders) which was paid on 29 February 2024.

The Condensed Consolidated Statement of Changes In Net Assets Value should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2023 and the accompanying explanatory notes attached to the financial statements.

AL-SALĀM REIT
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the First Quarter Ended 31 March 2024

	To Date	
	31-03-2024	31-03-2023
	<u>RM</u>	<u>RM</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before tax	2,733,854	3,444,702
Adjustment for:		
Islamic financing costs	10,133,795	8,364,240
Depreciation	69,913	53,693
Fair value gain on investment properties	-	-
Investment income	(224,979)	(184,311)
Unbilled rental income	(805,198)	(796,350)
Allowance for expected credit losses	-	-
Operating profit before working capital changes	<u>11,907,385</u>	<u>10,881,974</u>
Decrease/(increase) in:		
Trade receivables	287,933	4,985,703
Other receivables and prepaid expenses	(2,313,777)	(7,640,829)
Amount due from related companies	1,332,986	955,243
(Decrease)/increase in:		
Other payables and accrued expenses	27,227	1,509,510
Amount due to related companies	(2,693,853)	(1,231,343)
Net cash generated from operating activities	<u>8,547,901</u>	<u>9,460,258</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to investment properties	(29,379)	-
Purchase of equipment	(122,210)	(9,370)
Income received from other investments	224,979	184,311
Net cash used in investing activities	<u>73,390</u>	<u>174,941</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in pledged deposits with licensed banks	(60,000)	(111,000)
Net drawdown in Sukuk Ijarah	-	-
Islamic financing costs paid	(9,832,706)	(7,534,074)
Transaction cost paid	-	-
Income distributions paid	(579,976)	(8,779,756)
Net cash used in financing activities	<u>(10,472,682)</u>	<u>(16,424,830)</u>

AL-SALĀM REIT
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
For the First Quarter Ended 31 March 2024

	To Date	
	31-03-2024	31-03-2023
	RM	RM
NET INCREASE IN CASH AND CASH EQUIVALENTS	(1,851,391)	(6,789,631)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	29,412,380	38,084,187
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	27,560,989	31,294,556
 DEPOSITS, CASH AND BANK BALANCES		
Cash and bank balances	7,436,989	10,153,556
Fixed deposits with licensed banks	29,609,000	28,324,000
	37,045,989	38,477,556
Less : Pledged deposits with licensed banks	(9,485,000)	(7,183,000)
CASH AND CASH EQUIVALENTS	27,560,989	31,294,556

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2023 and the accompanying explanatory notes attached to the financial statements.

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the First Quarter Ended 31 March 2024

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134 ("MFRS 134")

A1. BASIS OF PREPARATION

These condensed financial statements have been prepared in accordance with Listing Requirement of the Bursa Malaysia Securities Berhad, Malaysian Financial Reporting Standard (MFRS) 134 and International Financial Reporting Standards

The interim financial report should be read in conjunction with the Audited Financial Statements of the Group for the financial year ended 31 December 2023.

The accounting policies and methods of computation adopted by the Group in this financial report are consistent with those adopted in its most recent Audited Financial Statements for the financial year ended 31 December 2023.

The Group has applied the following standards and amendments for the first time for the financial period beginning 1 January 2023:

- MFRS 17 Insurance Contracts
- Amendment to MFRS 17 Insurance Contracts: Initial Application of MFRS 17 and MFRS 9 - Comparative Information
- Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to MFRS 101: Disclosure of Accounting Policies
- Amendments to MFRS 108: Definition of Accounting Estimates
- Amendments to MFRS 112: International Tax Reform - Pillar Two Model Rules

The standards and interpretations that are issued but not yet effective are disclosed below:

- Amendments to MFRS 101: Classification of Liabilities as Current or Non Current
- Amendments to MFRS 16: Lease Liability in a Sale and Leaseback
- Amendments to MFRS 101: Non-current Liabilities with Covenants
- Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements
- Amendments to MFRS 121: Lack of Exchangeability
- Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group did not early adopt these new standards.

A2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The Audited Financial Statements of Al-Salām REIT for the financial year ended 31 December 2023 was not subject to any audit qualification.

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the First Quarter Ended 31 March 2024

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134 ("MFRS 134")

A3. SEASONALITY AND CYCLICALITY OF OPERATIONS

Al-Salām REIT's operations are not significantly affected by seasonal or cyclical factors.

A4. UNUSUAL ITEMS AFFECTING THE FINANCIAL STATEMENTS

There were no unusual items affecting the financial statements of Al-Salām REIT for the current quarter.

A5. CHANGES IN ACCOUNTING ESTIMATES

There were no changes in accounting estimates arising from the adoption of the new and revised MFRSs, amendments to MFRS and IC Interpretation that have a material effect during the quarter.

A6. ISSUANCES, CANCELLATIONS, REPURCHASES AND REPAYMENT OF DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases and repayment of debt and equity securities being made in the current quarter.

A7. INCOME DISTRIBUTION

On 24 January 2024, the Fund declared the final income distribution of 0.10 sen per unit for the financial year ended 31 December 2023 (taxable in the hand of unitholders) in respect of the period from 1 October 2023 to 31 December 2023. The said distribution has been paid on 29 February 2024.

A8. SEGMENT REPORTING

Segment information is presented in respect of the Group's business segments based on the nature of the industry of the Group's investment properties, which reflect the Group's internal reporting structure that are regularly reviewed by the Group's chief operating decision maker for the purposes of allocating resources to the segment and assessing its performance.

For management purposes, the Group is organised into the following operating divisions:

- Retail outlets
- Office buildings
- Food and beverage ("F&B") properties comprising restaurant
- Industrial and others
- Others comprising Fund level operations

No information on geographical areas is presented as the Group operates solely in Malaysia.

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the First Quarter Ended 31 March 2024

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134 ("MFRS 134")

A8. SEGMENT REPORTING (cont'd.)

For year ended 31 March 2024

	Retail outlets RM'000	Office buildings RM'000	F&B Restaurants RM'000	Industrial & Others RM'000	Other- Fund level operations RM'000	Total RM'000
Total revenue	10,864	1,868	4,358	2,810	-	19,900
Total property expenses	(4,779)	(1,163)	(8)	(135)	(119)	(6,204)
Net property income	6,085	705	4,350	2,675	(119)	13,696
Fair value (loss)/gain on investment properties	-	-	-	-	-	-
Investment income	-	-	-	-	225	225
Net investment income	6,085	705	4,350	2,675	106	13,921
Total trust expenses	-	-	-	-	(1,053)	(1,053)
Islamic financing costs	-	-	-	-	(10,134)	(10,134)
Net income before tax	6,085	705	4,350	2,675	(11,081)	2,734
Income tax expenses	-	-	-	-	-	-
Net income / (loss) after tax	6,085	705	4,350	2,675	(11,081)	2,734
Total assets	696,013	71,666	313,730	194,763	39,677	1,315,849
Total liabilities	14,998	3,936	-	762	647,592	667,288

For year ended 31 March 2023

	Retail outlets RM'000	Office buildings RM'000	F&B Restaurants RM'000	Industrial & Others RM'000	Other- Fund level operations RM'000	Total RM'000
Total revenue	9,617	2,177	4,281	2,820	-	18,895
Total property expenses	(4,936)	(1,132)	(13)	(81)	(119)	(6,281)
Net property income	4,681	1,045	4,268	2,739	(119)	12,614
Fair value (loss)/gain on investment properties	-	-	-	-	-	-
Investment income	-	-	-	-	184	184
Net investment income	4,681	1,045	4,268	2,739	65	12,798
Total trust expenses	-	-	-	-	(989)	(989)
Islamic financing costs	-	-	-	-	(8,364)	(8,364)
Net income before tax	4,681	1,045	4,268	2,739	(9,288)	3,445
Income tax expenses	-	-	-	-	-	-
Net income / (loss) after tax	4,681	1,045	4,268	2,739	(9,288)	3,445
Total assets	706,355	60,920	308,068	187,588	37,956	1,300,887
Total liabilities	19,765	3,887	-	725	642,060	666,437

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the First Quarter Ended 31 March 2024

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134 ("MFRS 134")

A9. VALUATION OF INVESTMENT PROPERTIES

There were no valuation of properties being made in the current quarter.

A10. SUBSEQUENT MATERIAL EVENTS

There were no material events subsequent to the current quarter under review up to the date of this Interim Financial Report.

A11. CHANGES IN THE COMPOSITION OF THE TRUST

There were no changes in the composition of Al-Salām REIT for the current quarter.

A12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities or contingent assets to be disclosed in the current quarter.

A13. CAPITAL COMMITMENT

There were no major capital commitments to be disclosed in the current quarter.

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the First Quarter Ended 31 March 2024

A. **EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134**
("MFRS 134")

A14. SIGNIFICANT RELATED PARTY TRANSACTIONS

Parties are considered to be related to the Group if the Group have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

	The Group		The Fund	
	31-30-2024	31-03-2023	31-30-2024	31-03-2023
	RM'000	RM'000	RM'000	RM'000
Rental income received/receivable from related companies	6,499	6,830	6,499	6,830
Other property management and fees charged	1,512	1,493	1,512	1,493
Finance cost paid/payable to a subsidiary	-	-	7,017	5,559

The related party transactions described above were entered into in the normal course of business and are based on negotiated and mutually agreed terms.

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the First Quarter Ended 31 March 2024

B. ADDITIONAL INFORMATION PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD'S MAIN MARKET LISTING REQUIREMENTS

B1. REVIEW OF PERFORMANCE

	Quarter ended			Year ended		
	31-03-2024 RM'000	31-03-2023 RM'000	Change %	31-03-2024 RM'000	31-03-2023 RM'000	Change %
Total revenue						
Retail outlets	10,864	9,617	13.0	10,864	9,617	13.0
Office buildings	1,868	2,177	(14.2)	1,868	2,177	(14.2)
F&B restaurants	4,358	4,281	1.8	4,358	4,281	1.8
Industrial & others	2,810	2,820	(0.4)	2,810	2,820	(0.4)
Total	<u>19,900</u>	<u>18,895</u>	5.3	<u>19,900</u>	<u>18,895</u>	5.3
Net property income ("NPI")						
Retail outlets	6,085	4,681	30.0	6,085	4,681	30.0
Office buildings	705	1,045	(32.5)	705	1,045	(32.5)
F&B restaurants	4,350	4,268	1.9	4,350	4,268	1.9
Industrial & others	2,675	2,739	(2.3)	2,675	2,739	(2.3)
Property manager fee	(119)	(119)	0.0	(119)	(119)	0.0
Total	<u>13,696</u>	<u>12,614</u>	8.6	<u>13,696</u>	<u>12,614</u>	8.6
Investment income	225	184	22.3	225	184	22.3
Fair value adjustment on investment properties	-	-	0.0	-	-	0.0
Trust expenses	(1,053)	(989)	6.5	(1,053)	(989)	6.5
Islamic financing costs	(10,134)	(8,364)	21.2	(10,134)	(8,364)	21.2
Net income before tax	<u>2,734</u>	<u>3,445</u>	(20.6)	<u>2,734</u>	<u>3,445</u>	(20.6)

Review of Individual/Cumulative Quarter Results

Retail outlets

The retail segment reported a total revenue of RM10.9 million for the current quarter and cumulative period ended 31 Mar 2024 (Q1 2024), an increase of RM1.1 million compared to the preceding year's corresponding quarter (Q1 2023) of RM9.6 million. This was mainly due to higher rental income of RM0.4 million, higher parking income of RM0.6 million and promotional income of RM0.3 million. Net property income (NPI) of RM6.1 million represented an increase of RM1.4 million due to the increase in total revenue as stated earlier and lower operating expenses of RM0.1 million from all retail outlets.

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the First Quarter Ended 31 March 2024

B. ADDITIONAL INFORMATION PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD'S MAIN MARKET LISTING REQUIREMENTS

B1. REVIEW OF PERFORMANCE (cont'd.)

Office building

The office segment reported a total revenue of RM1.9 million for Q1 2024, a decrease of RM0.3 million as compared to Q1 2023. This was due to lower rental rate charged to tenants. NPI of the office segment in Q1 2024 was RM0.7 million, lower by RM0.3 million compared to the preceding year's corresponding quarter due to a decrease in total revenue as stated earlier.

F&B restaurants

For current quarter and the cumulative period ended 31 March 2024 (Q1 2024), total revenue recorded an increase of RM0.1 million while NPI same as per Q1 2023. The increase was due to higher provision of rental variable. The properties are on a Triple Net arrangement with 100% occupancy rate (2023: 100%).

Industrial & Others

For current quarter and cumulative period ended 31 March 2024 (Q1 2024), total revenue and NPI recorded a similar performance as compared to Q1 2023. The occupancy rate is 100% (2023: 100%).

Overall

For Q1 2024, Al-Salām REIT recorded a total NPI of RM13.7 million, an increase of RM1.1 million or 9% as compared to Q1 2023. This was mainly due to the higher performance of retail segment of RM1.3 million and F&B segment of RM0.1 million offsetted by lower performance of office segment of RM0.3 million. Net income before tax was lower by RM0.8 million as compared to Q1 2023. This was mainly due to higher Islamic financing costs of RM1.8 million from the increase in OPR and higher trust expenses of RM0.1 million.

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the First Quarter Ended 31 March 2024

B. ADDITIONAL INFORMATION PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD'S MAIN MARKET LISTING REQUIREMENTS

B2. MATERIAL CHANGES IN NET INCOME BEFORE TAXATION FOR THE QUARTER AS COMPARED WITH THE IMMEDIATE PRECEDING QUARTER

	Quarter ended		Change %
	31-03-2024 RM'000	31-12-2023 RM'000	
Total revenue			
Retail outlets	10,864	10,209	6.4
Office buildings	1,868	1,857	0.6
F&B restaurants	4,358	4,322	0.8
F&B non-restaurants	2,810	2,809	0.0
	19,900	19,197	3.7
Net property income ("NPI") :			
Retail outlets	6,085	5,146	18.2
Office buildings	705	548	28.6
F&B restaurants	4,350	4,314	0.8
F&B non-restaurants	2,675	2,679	(0.1)
Property manager fee	(119)	(118)	0.8
	13,696	12,569	9.0
Investment income	225	367	(38.7)
Fair value adjustment on investment properties	-	12,583	100.0
Trust expenses	(1,053)	(2,911)	(63.8)
Islamic financing costs	(10,134)	(10,063)	0.7
Net income before tax	2,734	12,545	(78.2)

Lower net income before tax for the current quarter of RM2.7 million as compared to the immediate preceding quarter of RM12.5 million mainly due to lower gain on fair value of investment properties and higher Islamic financing costs.

B3. CHANGES IN NET ASSET VALUE

	As at	As at
	31-03-2024 RM'000	31-12-2023 RM'000
Net asset value ("NAV")	648,562	646,408
NAV per unit (RM)	1.1182	1.1145

The NAV as at 31 March 2024 was higher by RM2.2 million as compared to the immediate preceding quarter, mainly due to comprehensive income of RM2.7 million recognised offset by payment of final income distribution of RM0.6 million paid.

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the First Quarter Ended 31 March 2024

B. ADDITIONAL INFORMATION PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD'S MAIN MARKET LISTING REQUIREMENTS

B4. PROSPECTS

The global economy continues to expand albeit moderately, supported by domestic demand amid improvement in trade activity. Favourable labour market conditions in some countries continue to support consumption activity. Looking ahead, growth in regional economies is expected to improve, while China's growth would likely remain modest given continued weakness in the property market. Global trade is expected to strengthen as the global tech upcycle gains momentum. Global headline and core inflation edged downwards in recent months with prospects of monetary easing in some countries in the second half of the year. Nonetheless, the global monetary policy stance is likely to remain tight in the near term, as inflation remains above average.

The Malaysian economy expanded by 3.7% in 2023. Moving forward, growth is expected to improve in 2024, driven by the recovery in exports and resilient domestic expenditure. Export growth is turning positive after contracting since March 2023 and will continue to be supported by stronger global trade. Tourist arrivals and spending are poised to rise further. Continued employment and wage growth remain supportive of household spending. Investment activity would be supported by the ongoing progress of multi-year projects in both the private and public sectors, the implementation of catalytic initiatives under the national master plans, as well as the higher realisation of investments. The growth outlook is subject to downside risks stemming from weaker-than-expected external demand and larger declines in commodity production.

As the economy recuperates, Al-Salām REIT anticipates its performance of retail properties to improve in line with the recovery in consumer sentiment. @Mart Kempas and Mydin Hypermart continues to prove their resilience as community-centric hypermarkets offering daily essential provisions. Additionally, the Fund's sizable triple net lease assets portfolio (consisting of Mydin Hypermart Gong Badak and F&B-related properties) will also continue to provide a sustained contribution to Al-Salām REIT's core income.

For Johor Bahru, the planned Johor-Singapore Special Economic Zone, as well as the nearby planned Special Financial Zone in Forest City, are expected to spur rapid economic growth due to the anticipated boon in cross-border economic activities. Thus the Manager anticipates that the increase in commuters and shoppers will continue to positively impact Komtar JBCC's performance, as the mall primarily caters to patrons from across the strait. In anticipation of the eventual increase in retail crowd and change in consumer shopping behavior, the Manager continues to engage with the property manager to reposition the mall by incorporating more experiential shopping into Komtar JBCC. The Manager believes that the development of the link bridge, connecting the upcoming RTS to Komtar JBCC, will be an important catalyst to transform the mall in to improve the its yield performance moving forward.

The landscape for domestic office space market continues to undergo change as new workplace arrangements and flexible working practices are being embraced by the workforce at large resulting from the pandemic. Being mindful of this scenario, the Manager is engaging with the property manager to assess the current space offering in Menara Komtar and incorporate possible changes including elements of customizable space designs in line with current demand.

Assets operated by QSR Brands (M) Holdings Bhd (QSR) continue to provide income stability on the back of triple net lease arrangement with Al-Salām REIT. Al-Salām REIT remains confident in QSR's continued perseverance by virtue of their time-tested operational excellence and sustainable market share amidst the challenging business environment.

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the First Quarter Ended 31 March 2024

B. ADDITIONAL INFORMATION PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD'S MAIN MARKET LISTING REQUIREMENTS

B4. PROSPECTS (cont'd.)

The Manager is confident that the fund's existing stable of assets are well maintained to ensure the stability of rental income, stable income distributions for Al-Salām REIT and create long-term value for its unitholders.

Source:

Bank Negara Monetary Policy Statement, 7 March 2024

B5. UTILISATION OF PROCEEDS RAISED FROM ANY ISSUANCE OF NEW UNITS

There was no issuance of new units during the current quarter.

B6. TAX

	The Group		The Fund	
	31-03-2024	31-03-2023	31-03-2024	31-03-2023
	RM'000	RM'000	RM'000	RM'000
Tax expense				
- Income tax	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Pursuant to the amendment of Section 61A of the Income Tax Act, 1967, under the Finance Act 2006 which was gazetted on 31 December 2006, where in the basis period for a year assessment, 90% or more of the total income of the trust is distributed to unitholders, the total income of the trust for that year of assessment shall be exempted from tax.

In accordance with the Deed, the Fund is required to distribute at least 90% of its distributable income. The Manager also expects to distribute the net income within 2 months from the end of each financial year and accordingly, no estimated current tax payable or deferred tax is required to be provided in the financial statements.

The deferred tax liability has been provided for the investment properties at 10% which reflects the expected manner of recovery of the investment properties i.e. recovered through sale.

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the First Quarter Ended 31 March 2024

B. ADDITIONAL INFORMATION PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD'S MAIN MARKET LISTING REQUIREMENTS

B7. INCOME DISTRIBUTION

Income distributions to unitholders is derived from the following sources:

	Quarter ended		Year ended	
	31-03-2024	31-03-2023	31-03-2024	31-03-2023
	RM'000	RM'000	RM'000	RM'000
Net rental income	19,900	18,895	19,900	18,895
Investment revenue	225	184	225	184
Less: Unbilled rental income	(805)	(796)	(805)	(796)
	19,320	18,283	19,320	18,283
Less: Expenses	(17,391)	(15,634)	(17,391)	(15,634)
Realised/distributable income for the quarter/period	1,929	2,649	1,929	2,649
Previous year's undistributed realised income	9,396	8,704	9,396	8,704
Total realised income available for distribution	11,325	11,353	11,325	11,353
Less: Income to be distributed for the quarter/period	(1,740)	(2,320)	(1,740)	(2,320)
Balance undistributed realised income	9,585	9,033	9,585	9,033
Distribution per unit (sen)	0.30	0.40	0.30	0.40

B8. GAIN OR LOSS ON SALE OF UNQUOTED INVESTMENTS AND PROPERTIES

There were no disposal of unquoted securities or investment properties during the current quarter.

B9. PURCHASE AND DISPOSAL OF QUOTED SECURITIES

There were no purchase or disposal of quoted securities during the current quarter.

B10. STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED

There were no corporate proposals announced but not completed during the current quarter.

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the First Quarter Ended 31 March 2024

B. ADDITIONAL INFORMATION PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD'S MAIN MARKET LISTING REQUIREMENTS

B11. TRADE RECEIVABLES

	The Group	
	As at 31-03-2024 RM'000	As at 31-03-2023 RM'000
Current		
Third parties	6,668	5,354
Related companies	5,149	3,644
Unbilled rental income	20,851	17,613
Less: Allowance for expected credit loss	(3,963)	(1,674)
	<u>28,705</u>	<u>24,937</u>

Trade receivables comprise rental receivable from lessees. The credit period granted by the Group and the Fund on rental receivable from lessees generally ranges from 1 to 7 days (2021: 1 to 7 days).

Unbilled rental income

Unbilled rental income relate to the Group's rights to recognise revenue. Rental income is recognised on a straight line basis including rent free period. Rental will be billed in accordance with the billing terms as set out in the tenancy agreements.

The aging analysis of the Group's trade receivables is as follows:

	As at	As at
	31-03-2024 RM'000	31-03-2023 RM'000
1 - 30 days	3,902	435
31 - 60 days	959	1,518
61 - 90 days	425	514
91 - 120 days	231	403
More than 120 days	6,300	6,128
	<u>11,817</u>	<u>8,998</u>

During the financial year, the Group and the Fund derecognised past lease receivables of RMnil (2022: RMnil) in respect of waiver of lease receivables and rental concessions given to tenants.

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the First Quarter Ended 31 March 2024

B. ADDITIONAL INFORMATION PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD'S MAIN MARKET LISTING REQUIREMENTS

B12. ISLAMIC FINANCING

	The Group	
	As at 31-03-2024 RM'000	As at 31-03-2023 RM'000
<u>Non-current</u>		
<u>Secured</u>		
- Term Financing-i ("TF-i")	118,000	118,000
- Business Financing-i ("BF-i")	70,000	70,000
- Sukuk Ijarah - Islamic Medium Term Notes ("Issue 3")	455,000	-
	<u>643,000</u>	<u>188,000</u>
Less: Transaction costs	(2,832)	(839)
	<u>640,168</u>	<u>187,161</u>
<u>Current</u>		
<u>Secured</u>		
- Term Financing-i ("TF-i")	-	-
- Sukuk Ijarah - Islamic Medium Term Notes ("Issue 2")	-	451,000
	<u>-</u>	<u>451,000</u>
Less: Transaction costs	-	(453)
	<u>-</u>	<u>450,547</u>
Total Islamic Financing	<u>640,168</u>	<u>637,708</u>

Term Financing-i

The TF-i profit is payable over a period of 60 months from the date of first disbursement. The effective profit rate for the TF-i will be based on COF which is based on the Bank's COF + 1.45% per annum for the duration of the TF-i. The average effective profit rate for the TF-i is 5.47% (2023: 4.84%) per annum. The principal amount is expected to be paid in March 2024. The Bank, via letter dated 4 March 2024 agreed to extend the tenure for another 2 years.

The TF-i has a significant covenant in which the subsidiary shall at all times, maintain the following criteria:

- The financing payment cover ratio ("FPCR") of not less than 1.25 times;
- Total debts and financing over total assets value of not more than 50%; and
- Minimum security cover of 1.25 times.

The financing is secured by the investment properties amounting to RM168.8 million (2023: RM168.8 million)

Business Financing-i

The BF-i profit is payable over a period of 72 months from the date of first disbursement. The effective profit rate for the BF-i will be based on COF which is based on the Bank's COF + 0.60% per annum for the duration of the BF-i. The average effective profit rate for the BF-i is 5.49% (2023: 5.49%) per annum. The principal amount is to be expected to be paid in September 2026.

The BF-i has a significant covenant in which the subsidiary shall at all times, maintain the following criteria:

- The financing payment cover ratio ("FPCR") of not less than 1.25 times;
- Total debts and financing over total assets value of not more than 50%; and
- Minimum security cover of 1.30 times.

The financing is secured by the investment properties amounting to RM105.8 million (2023: RM105.8 million)

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the First Quarter Ended 31 March 2024

B. ADDITIONAL INFORMATION PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD'S MAIN MARKET LISTING REQUIREMENTS

B12. ISLAMIC FINANCING (cont'd.)

Sukuk Ijarah - Islamic Medium Term Notes

The Group established a Sukuk Ijarah Programme comprising IMTN of up to RM1.5 billion in nominal value.

On 24 August 2020, the Group issued RM520.0 million in nominal value of IMTNs ("Issue 2") which bears profit rate of 4.83% to 5.60% (2022: 3.75% to 5.09%) per annum. The Group redeemed RM69.0 million and RM451.0 million in nominal value of IMTNs ("Issue 2") on 24 September 2021 and 24 August 2023 respectively.

On 24 August 2023, the Group issued RM455.0 million in nominal value of IMTNs ("Issue 3") which bears profit rate of 6.03% to 6.25% per annum. The principal amount is to be expected to be paid in 25 August 2026.

The Sukuk Ijarah Programme has a significant covenant in which the subsidiary, Al-Salām REIT and its subsidiary shall at all times, maintain the following financial covenants:

- (a) Finance Service Cover Ratio ("FSCR") at Issuer level of not less than 1.5 times;
- (b) FSCR at Al-Salām REIT level of not less than 1.5 times;
- (c) Minimum Security Cover Ratio of at least 2.0; and
- (c) such other financial covenant(s) as may be determined by the Rating Agency and to be mutually agreed to by ALSREIT Capital Sdn Bhd.

The financing is secured by investment properties amounting to RM946.1 million (2023: RM946.1 million).

Revolving Credit

As of 31 March 2024, the Fund unutilised revolving credit facilities amounting to RM10.0 million (2023: RM10.0 million) which is granted from a financial institution. The said facility of is secured by investment properties of the subsidiary amounting to RM18.3 million (2023: RM18.3 million).

B13. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

For the current quarter, the Group does not have any off balance sheet financial instruments.

B14. MATERIAL LITIGATION

There was no material litigation as at the date of the current quarter.

B15. SOFT COMMISSION RECEIVED

There was no soft commission received by the Manager in the current quarter.

AL-SALĀM REIT

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the First Quarter Ended 31 March 2024

B. ADDITIONAL INFORMATION PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD'S MAIN MARKET LISTING REQUIREMENTS

B16. SUMMARY OF DPU, EPU AND NAV

	Current Quarter ended 31-03-2024	Immediate Preceding Quarter ended 31-12-2023
Number of units in issue (units)	580,000,000	580,000,000
Earnings per unit (EPU) - sen	0.47	2.13
Net income distribution to unitholders (RM'000)	1,740	580
Distribution per unit (DPU) - sen	0.30	0.10
Net Asset Value (NAV) - RM'000	648,562	646,408
NAV per unit (RM)	1.1182	1.1145
Market Value Per Unit (RM)	0.4350	0.4750

B17. RESPONSIBILITY STATEMENT

This quarterly report has been prepared in accordance with MFRS 134 : Interim Financial Reporting and Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the financial position of Al-Salām REIT as at 31 March 2024 and of its financial performance and cash flows for the period then ended.